Course Objective:
This course is designed to give you the tools to identify, understand, and evaluate tax planning opportunities. To maximize the lasting benefit you will get from this course, we begin by developing a conceptual framework for thinking about how tax rules affect business decisions. Once developed, the framework is brought to life by application to a variety of settings of particular interest to MBA students (e.g., mergers and acquisitions and tax arbitrage). This course and text originated at the University of Chicago’s Business School. I conduct it exactly as they teach it, partly since they are the gold standard for this course, and partly since one of the authors is a good friend and colleague from my doctoral program.

Prerequisites:
You don’t need any prior knowledge of taxation to take this class. The only prerequisite is your core-level understanding of accounting. Some knowledge of elementary finance is useful, but not required.

Lecture Notes:
Lecture notes will be posted and always available on BB. Additional handouts may be circulated in class. If you miss class, please be sure to have a colleague in the class who will get an extra set for you, so that you don’t fall behind unnecessarily.

Tardiness and Missed Classes:
I understand that you are busy professionals by day and that you are occasionally unable to arrive to class on time due to commitments such as interviews and/or meetings. Please do not hesitate to come to class late when you are delayed for these reasons. When arriving late, please be considerate of your fellow classmates. Notice: I would much rather that you come late, even if it’s really late, than for you to miss class altogether. The subject matter builds and moves quickly and it will be better for you to come, even for the last hour. Also, please feel free to stop for food and bring it into the classroom given the timing of the class. Again, if you miss a class, please have a classmate get a copy of any materials handed out in class. To the extent possible, also make arrangements to turn in assignments in a timely fashion.

Class Communication:
I always use the BB system to update pertinent class information. Please make arrangements to access this regularly or have a classmate notify you of the information there.
Grades:
Your grade is based on your score out of a possible 350 points. You may take this class pass/fail. 190 points are required to pass. The points are allocated as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>One problem set</td>
<td>30</td>
</tr>
<tr>
<td>Four or Five Cases</td>
<td>100</td>
</tr>
<tr>
<td>Class Participation</td>
<td>20</td>
</tr>
<tr>
<td>Final exam</td>
<td>200</td>
</tr>
</tbody>
</table>

Problem Sets:
Students are encouraged to work in groups (but not required), and you may turn in the problems set as a group (1 problem set per group). If you are out of town or otherwise can’t make it to class, you can either put the problem set in my mailbox (10th floor KMC), mail it to me (postmarked by the due date), or fax it to me. If you fax it, make sure that the font used on your printout is legible after faxing, or use the digital drop box with in the BB system (I can show you all how to use this if you have not). Please do not e-mail me assignments. I recommend that you do all assignments on a spreadsheet or a word processor.

Cases:
We will do four or five cases this semester from among the following: Analysis of Enron’s use of MIPS, Seagram’s sale of 25% of Du Pont back to Du Pont for $9 billion, the WorldCom/MCI merger, Quaker Oats’ divestiture of Snapple and Triarc’s subsequent sale of Snapple, and Stoneridge’s acquisition of Hi-Stat. Case grades will be based on written answers to several questions associated with each transaction. Students are encouraged to work in groups, and students should turn in 1 case per group (maximum of 4 people per group). The “write-up” will vary from being just a summary Power Point slide or two to being a very short bullet-point memo. Whatever the format, the key will be for you to have mastered your thoughts about the case, but have summarized them and the answers to the questions in a very succinct high level manner, that simply allows us to discuss the details more fully during class. Since I don’t want you all laboring over long write-ups (unless you tell me later that you’d prefer that), I will grade you on your detailed answers during class, as well as your ability to summarize them succinctly in a memo or slide.

Final Exam:
The final exam is closed book and closed note. I will give you a sample prior final exam and solution set during the semester so that you can see what to expect. The exam is very difficult and carries the most weight. Exams tend to draw most heavily from the class notes and problem sets, followed by the assigned readings.

Participation:
Participation grades will be based on your ability to answer basic questions about the material, in particular case questions. This is to keep the class engaged in the material especially after a long day at your respective jobs. I do not ever attempt to humiliate you or make you look bad…. So don’t stress out about this, but please do be prepared.
Tentative Course Schedule

Week 1 (2/7): Introduction; Tax planning for investments

Read: Scholes, Wolfson, Erickson, Maydew and Shevlin (SWEMS) Chapter 1
Scholes, Wolfson, Erickson, Maydew and Shevlin Chapter 2, (SWEMS)
(page 1 through section 2.3)

Week 2 (2/14): Tax planning for investments

Read: SWEMS Chapter 3 (Taxes and Investments)

No Class (2/21) President’s Day

Week 3 (2/28): Compensation planning

Read: SWEMS Chapter 8 (Compensation Planning)

Week 4 (3/07): Taxation of corporations and their alternatives; Capital structure, Corporate Distributions; Seagram/Du Pont Case

Read: SWEMS Chapter 4
Background Reading: SWEMS Chapter 12 (pages 1-22)
Due: Seagram/Du Pont: Case Questions

No Class Spring Break—March 14 through March 20

Week 5 (3/21): Introduction to Tax planning for mergers, acquisitions, and divestitures

Read: SWEMS (Chapter 13)
Due: Enron MIPS Case: Case Questions

Week 6 (3/28): Tax planning for acquisitions of freestanding C corporations—part 1

Read: SWEMS (Chapter 14)
Week 7 (4/4):  
**Tax planning for acquisitions of freestanding C corporations—part 2**

Read:  SWEMS (Chapter 16)

Due:  **Problem set #1**

Week 8 (4/11):  
**Tax planning for divestitures—part 1**

Read:  SWEMS (Chapter 17)

Week 9 (4/18):  
**Tax planning for divestitures—part 2**

Read:  SWEMS (Chapter 17)

Due:  **Snapple Divestiture Case I and II: Case Questions**

Week 10 (4/25):  
**Pricing and structuring the acquisition of a conduit entity (S corporations);**

Read:  SWEMS (Chapter 15)

Week 11 (5/2):  
**Introduction to Basics of International Tax Planning and Tax Arbitrage**

Read:  SWEMS (Chapter 11)

Due:  **SWEMS (Chapter 5)**

**Hi-Stat Acquisition Case**

Week 12 (5/9):  
**Final Exam 6-9pm Comprehensive Closed Note Closed Book**